

There is an old saying, as you know, that honesty is the best policy. That is a statement with which I agree, and we have had ample proof in recent years that the monetary dishonesty from which we have suffered has been very bad policy indeed.

I recognize, of course, that the degrading of the currency will relieve the debtor at the expense of the creditor, and thus temporarily stimulate the economy, but it is at the cost of cruelty and injustice to a very large number of people, and I am opposed to it.

There may be some excuse for such a policy in times of depression, although I would not advocate it even then, but now we are in what is generally understood and described as a booming economy. Yet we have been degrading our money in good times and bad from year to year ever since the early stages of the First Great War.

In periods of depression, of course, depreciating or devaluing the dollar can be used in a number of ways. It will moderate rents and land values by lightening the weight of the dollar. It will reduce real wages. It will cut down the weight of bonds and mortgages and notes and debts of every kind, including, by the way, the national debt, the provincial debt and the municipal debt—but at a cost of uncertainty and inequity in business transactions.

It has been a sad policy for those who by industry and frugality have gathered some funds for their declining years. It has been a cruel policy for those who have been obliged to depend upon pensions or, in fact, anybody who has had to depend on fixed incomes payable in dollars. It has been a vitiating policy in industrial relations. Wage rates honestly established and happily accepted have been stealthily disrupted, and employers and employees alike have been forced into industrial warfare.

The employees have been required by such conditions to fight for their standard of living, and the employers have been forced to increase their prices in order to recoup themselves for increased expenditures.

We have recently experienced a national railway crisis caused in the main by this thief in the night who pokes his nose into every pay envelope. This constantly changing measure of values is the prime cause, in my judgment, of the industrial unrest which you will find at the moment, accentuated over previous years, from coast to coast.

And so I say that it is high time that someone with the courage to face the facts inquires into this problem of inflation, what it

is, what is its cause and what can be done to counteract it or, shall I say, cure it. I respectfully request, and I shall try to make myself clear, that this committee deal with the whole subject because, as far as I can follow the discussions in the newspapers and in Parliament and on the street, the only complaint that you hear is of rising commodity prices and nothing about its corollary, falling money. Nothing is said about that.

It is elementary, is it not, that in every sale and purchase you have two factors: one, the value of the goods sold and, two, the value of the consideration given in payment. The value of the commodity may be influenced by the cost to produce, and more directly and primarily by supply and demand; that is what you hear discussed, and that only.

Equally, the value of money also will fluctuate. It is not because of the cost of production, because all you need in the matter of folding money is a printing press, but it certainly will vary and fluctuate by the regular principles of supply and demand. Both of these factors control prices and, therefore, control and influence the cost of living.

In my opinion—and I am merely stating a fact as I observe it—commodity values have not altered greatly in Canada in recent years, except as they are measured in money, that constantly shrinking monetary yardstick.

The tractor and the combine and other farm implements have quadrupled the productive power of the farmer, and yet food prices go up. This is not because of any scarcity in the products of the farm. We export wheat by the millions of bushels. Prices of farm products go up because money goes down. No other reason. I sometimes marvel, honourable senators, at the productive capacity of our factories, a marvelous capacity that has increased vastly in recent years. Yet commodity prices are going up at the same time that commodity productivity has vastly increased.

Why do commodity prices go up? I submit to you it is because the purchasing power of the Canadian dollar has gone down and is still going down, although the gross national product of our factories and people of Canada during recent years has increased steadily until today it has reached fantastic figures.

Why, then, does the dollar go down and what can be done to meet the conditions? Why does it go down? That is the \$64 question before us right now. It is the riddle of the sphinx which "not to answer is to be destroyed." That is the question which this